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Carlisle, John Griffin

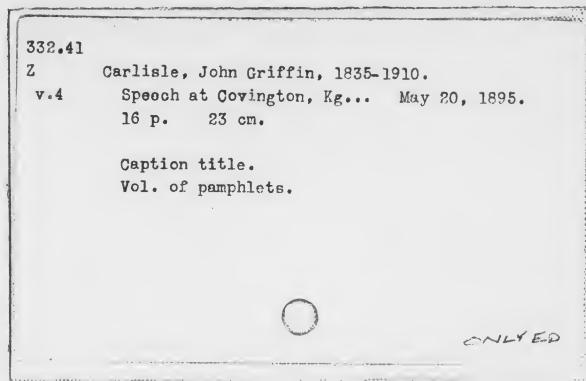
Speech of  
Hon. John G. Carlisle  
[Gallipolis, Ohio]

1895

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S P E E C H  
OF  
HON. JOHN G. CARLISLE,  
AT COVINGTON, KY.,

MONDAY EVENING, MAY 20, 1895.

*Mr. Chairman and Fellow-Citizens:*

Although absent from the State for a very considerable time, I have never ceased to feel a deep interest in everything that concerns the welfare of its people, and especially the welfare of my old constituents in this Congressional district. My personal and political relations with them have been so close and intimate in the past that, notwithstanding our long separation, it is sometimes difficult, even now, for me to realize that I am not still their representative. But my close relations to the people here do not in the least diminish my obligations to my fellow-citizens in other parts of the State, who have never failed to give me a generous support in all my aspirations, and it would be unbecoming in me to withhold the expression of my thanks for the confidence they have reposed in me, or refuse to participate in the discussion of public questions which vitally affect their interests. They have a right to call me into their counsels and require me to bear my share of responsibility for the course of political events and the results of political action whenever, in their judgment, it is proper to do so, and, therefore, when it became manifest that my presence in the State during some part of the time devoted to the discussion of pending questions was desired by a considerable number of my Democratic friends, I did not feel at liberty to remain absent. It may or may not add to the force of my arguments, or the weight of my advice, to assure you that I am not, and do not expect to become, a candidate for any office in the gift of the people, or their representatives, and that I do not appear in the State in the interest of any candidate. My interest in the solution of the questions now pending is precisely the same as that of any other American citizen who desires to see his country prosperous and happy, and while my views as to the policy which will most certainly produce these results may be entirely erroneous, they are honestly entertained and will be frankly stated. It can make no difference to me, personally or politically, whether they are popular or unpopular, here or elsewhere, although it is always more agreeable to be in accord with the prevailing public sentiment than to be in opposition to it. My respect, however, for the intelligence and patriotism of the American people constrains me to believe that, no matter what their preconceived opinions may be upon any question, they will not refuse to give it a full and fair investigation or fail to reach a just conclusion when both sides have been heard. Therefore I shall speak to you this evening with full confidence that, whatever may be your present opinions on the subject to be discussed, you are willing to re-examine the grounds upon which they have been formed, and change them if they are found to be erroneous.

## BEGINNING OF PRESENT DEPRESSION.

There has never been a time since the close of the civil war and the settlement of the questions growing out of it when passion and prejudice exerted such a powerful influence in controlling the action of the people upon political and economic questions as they have during the last two years. A great wave of depression has swept over the whole industrial, commercial and financial world, more injurious in its effects in some places than in others, but entailing great loss and distress nearly everywhere. It did not begin twenty years ago, as some of our friends are in the habit of asserting, but less than five years ago. Its first serious effects were felt in Argentina, where the people and the Government, notwithstanding the warnings of experience in all ages, determined to try again the experiment of a cheap and inflated currency. It failed, of course, as it always has and always will wherever tried, and its failure, by reason of the extensive commercial and financial connections between that country and English capitalists, produced a crisis which seriously involved many of the great financial institutions in Europe and had a depressing influence in all the money markets of other countries; for, in these days of rapid communication and close commercial relations, an injury to credit in any part of the globe is immediately felt all around the world. Foreign holders of our securities, in order to procure means to meet their obligations at home and in Argentina, sent them here in large amounts for redemption or sale, and, consequently, the feeling of apprehension and uncertainty, which already existed to a considerable extent, was intensified in all the great centres of trade and finance. But if our own domestic affairs had been wisely and economically conducted our people would have soon recovered from the effects of this foreign disturbance. We possessed all the essential elements of prosperity, except a sound and reliable financial system, and that we might have secured within a reasonable time; or, at least, we might have greatly improved our condition in this respect, if political party considerations had not influenced our legislation. It is true that our revenue laws were not in a satisfactory condition, but they had been in force a long time and the people had been compelled to adjust their business to them, and after the election of President Harrison, did not expect any beneficial change until another administration should come in.

## THE TREASURY UNDER TWO ADMINISTRATIONS.

When Mr. Cleveland's first administration went out of office on the 4th day of March, 1889, the Government had an ample revenue for all purposes; the free gold in the Treasury amounted to \$196,689,614; agriculture, manufactures and commerce were in a reasonably healthy and prosperous condition, and the prospect for the continuance of a fairly active business era was apparently as good as it had been for many years. During the four years of Mr. Cleveland's administration the sum of \$341,448,449 was paid on the public debt, and at its close there was left in the Treasury a balance of \$330,348,916, including the gold reserve. This vast sum had been accumulated by taxation upon the people, and they had a right to expect that it would be faithfully applied to the extinguishment of the public debt and to the payment of the necessary expenses of the Government without waste or extravagance; but it requires a very brief statement of the results of President Harrison's administration to show how these just expectations were disappointed. When his administration closed on the 4th of March, 1893, and a Democratic administration came in again, the cash balance in the Treasury had dwindled down to \$162,450,577, including the gold reserve,

or \$62,450,577 exclusive of the reserve, notwithstanding the payments upon the public debt during his term amounted to \$105,000,000 less than the payments made during the preceding four years. In addition to the actual receipts of the Government, which were very large, Congress, by a law passed in 1890, turned into the Treasury, as a part of the general assets to be used for public purposes, a trust fund amounting to more than \$54,000,000, which belonged to the national banks and had always been held for the redemption of their notes, and this fund, or what was left of it, helped to swell the balance at the close of the administration.

## RECORD OF REPUBLICAN CONGRESS; STORING SILVER AND EXPORTING GOLD.

There came with President Harrison a Republican Congress, and for the first two years of his administration that party had absolute control in both branches of the legislative department as well as in the executive, and was therefore wholly responsible for the government of the country. That Congress will be distinguished in history for three things only: First, the enactment of the law of July 14, 1890, providing for the purchase of 4,500,000 ounces of silver bullion each month and the issue of legal-tender Treasury notes to pay for it; secondly, the passage of the so-called McKinley tariff act, which largely increased taxation upon the people and at the same time diminished the revenues of the Government; and, thirdly, the inauguration of the most wasteful and extravagant system of public expenditures that ever existed in this country in time of peace, the evil effects of which must continue to be felt for years to come. The result of this legislation and of the general policy of the Republican administration was that, when the Democratic party secured possession of the executive power for the second time, it found the financial affairs of the Government in a most unsatisfactory and precarious condition, and rapidly growing worse. The revenues had been greatly diminished and the current expenditures had been enormously increased by the passage of laws making permanent and other appropriations which the Treasury was bound to pay; the compulsory purchase of silver bullion and the issue of legal-tender Treasury notes were still going on, and silver was being piled up in the Treasury at the rate of more than 154 tons per month; distrust of our ability under the circumstances to meet the obligations of the Government and maintain the parity of the two metals prevailed and was increasing in all the great financial centres at home and abroad, in consequence of which gold, to the amount of more than \$36,500,000, had been withdrawn from the Treasury and shipped to other countries during the three months just preceding the inauguration of the new administration, and not a dollar had been brought in; in short, unwise legislation had already produced its inevitable results, and whatever criticism the impatient spirit of a disappointed and restless people may have prompted them to make upon the present administration, I am sure impartial history will place the responsibility for what has occurred where it properly belongs, and I am willing to wait until it is written. It must not be understood from this that I am not ready at all times to vindicate the legality, the justice and the good policy of the course pursued by the present administration in its efforts to maintain the credit and honor of the Government, inspire confidence among the holders of its obligations, and preserve the stability and value of the various kinds of currency in the hands of the people; but the present and future are far more important than the past, and my time can be more profitably employed on this occasion in discussing the questions now pending than in reviewing transactions already closed.

## HISTORY OF THE ACT OF 1873; PENDING THROUGH FIVE SESSIONS OF CONGRESS.

Whether we shall continue to preserve our existing monetary system, under which all the dollars in use, whether they be gold, silver or paper, possess equal purchasing power in the markets, or provide by law for the free and unlimited coinage of silver dollars containing 412½ grains of standard silver, and make them the units and measures of value in the exchange of commodities and in the payment of debts, is by far the most important question that has been presented for the consideration of the American people during this generation; and that question now confronts us. The free coinage of silver and the substitution of a new unit and measure of value for the existing one in the business transactions of the country is not an ordinary experiment which can be safely tried to-day and abandoned to-morrow if found injurious, because the immediate consequences of such a step would be so far-reaching and so enduring that they would continue to be felt for years after the policy had been reversed. It is incumbent, therefore, upon those who insist upon the adoption of this revolutionary policy to show plainly and conclusively in advance not only that it would result in no injury, but that it would be positively beneficial, or if not positively beneficial the change would at least be wholly useless. This cannot be done by appeals to the excited passions and prejudices of the people, by attempts to array one class of our citizens or one section of our country against another, or by loose and extravagant statements unsupported by acts and reasons. The questions involved are too serious, the interests to be affected are too large and the common sense of the people is too strong to justify or even excuse this course of treatment. The allegation, even if it were true, that a great crime was surreptitiously committed in 1873, or at any other time, does not prove, or even conduce to prove, that the free coinage of silver at the ratio of 16 to 1 would be beneficial to the country under the conditions now existing. But, gentlemen, it is not true that the act of February 1, 1873, which made the gold dollar the unit of value and dropped the standard silver dollar from the coinage, was passed by stealth, or that its purpose or effect was to deprive the people of the use of any coin then in use or then in existence in his country. The bill was pending in Congress for nearly three years and was under consideration during five sessions of that body; it was distinctly recommended in two reports of the Secretary of the Treasury and the Director of the Mint, and it was officially printed and laid on the desks of members of the House and of the Senate thirteen different times before the final vote was taken on it. It was read at length in the open Senate several times, and in the House at least once, as shown by the record; it was reported from committees seven times, and the discussion upon it in the House fills fifty-six columns of the Congressional Globe, and in the Senate seventy-eight columns. As first reported to the Senate and passed by that body in January, 1871, the bill did not provide for the coinage of any silver dollar whatever, but expressly limited the coinage of that metal to subsidiary pieces—half-dollars, quarters and dimes. In this form, without any provision for the coinage of any kind of silver dollar, the bill was passed in the Senate on the 10th day of January, 1871, upon the call of the yeas and nays, and the record shows that the two Senators from Kentucky, Hon. Garrett Davis and Hon. Thomas C. McCreery, the distinguished Democratic Senator from Ohio, Hon. Allen G. Thurman, the present Senator from Nevada, Hon. William M. Stewart, together with all the other Senators from the Pacific Slope, voted in the affirmative, while Senator Sherman, Senator Morrill and twelve others, voted in the negative. The reason given by Mr. Sherman for

voting against the bill was that the Senate had, in obedience to the demands of the Senators from the Pacific Coast, so amended the bill, after it was reported from the committee, as to abolish the charge of one-fifth of one per cent. for coining gold, thus making the coinage of that metal entirely free. The bill went to the House of Representatives, but it was not disposed of during that Congress, and at the first session of the next Congress, Mr. Kelley, of Pennsylvania, introduced it in the House and it was referred to a committee. So far as the coinage of the silver dollar was affected, the bill introduced by him was precisely the same as the one that had passed the Senate—that is, it made no provision for such a coin. However, when the bill was finally reported back from the committee to the House it was so amended as to provide for the coinage of a subsidiary piece, to be called a dollar, and to contain 384 grains of standard silver, the same as the French 5-franc piece, and it was to be a legal tender to the extent of five dollars, and no more. In this form it passed the House by a very large majority—in fact, the opposition to it was so weak that the yeas and nays were not even called. The Senate struck out the 5-franc subsidiary dollar and substituted for it another subsidiary coin, called the trade dollar, containing 420 grains of standard silver, and provided that it should be a legal tender to the amount of five dollars, and no more. A committee of conference was appointed, the Senate amendment was agreed to, and the bill became a law by the approval of President Grant on the 12th day of February 1873. This brief historical statement of the proceedings, which is fully sustained by the official record, shows that it was well understood in Congress that the old standard silver dollar of 412½ grains was not to be thereafter coined at our mints, and that the only difference of opinion that ever existed, even temporarily, between the Senate and the House was whether they would substitute in its place a subsidiary coin containing 384 grains, or a subsidiary coin containing 420 grains of silver. No provision was made in either body to continue the coinage of the old dollar, or to make any silver coin the unit of value or a full legal tender in the payment of debts.

## NOT SURREPTITIOUSLY PASSED; NO SILVER THEN IN CIRCULATION.

The plain truth is that this act of 1873, which has been the subject of so much misapprehension and denunciation, was simply a legal recognition of a monetary condition which had existed in fact in this country for about thirty-five years, or ever since a short time after the passage of the coinage act of 1834. From about the year 1838 until after the passage of the Bland-Allison act in 1878, no silver dollars were in circulation in this country, and our whole currency consisted of gold coins and bank notes, except from 1862 to 1878, when our active circulation, outside of California and its neighboring territory, was all paper. There was during the later period about \$25,000,000 in gold in circulation on the Pacific Coast, and the United States was collecting customs dues in gold and using it in the payment of interest on the public debt, but there was no silver in circulation anywhere in this country, not even the light-weight subsidiary coins. The value of the United States note or greenback was always measured by gold and not by silver, and commodities had a gold price and a paper price, but never a silver price, because silver, except the half-dollars, quarters and dimes coined under the act of 1833, had been out of use here for more than twenty years before the commencement of the war, and even these subsidiary coins had not been in use for eleven years prior to 1873. Our own monetary history had already furnished

wo most striking illustrations of the operation of the natural law under which the coins which are over-valued by statute always drive out of circulation the coins which are under-valued. Our own experience had again demonstrated what the history of the world already showed—that whenever the coinage laws of any country permit the free coinage of both metals with full legal-tender qualities at a ratio of value which does not conform substantially to their intrinsic or commercial ratio in the markets of the world, both kinds of coin cannot be kept in circulation at the same time. The reason is that, both being full legal tender, the least valuable coin will always be used in making payments, and will become the sole measure of value, and the most valuable will be hoarded or sent out of the country into the markets where its real value can be obtained.

#### HISTORY OF AMERICAN COINAGE: FAILURE TO MAINTAIN THE PARITY.

Our first coinage law was passed in 1792, and it provided for full legal-tender gold and silver coins at the ratio of 15 to 1; that is to say, 15 pounds of silver were to be considered as equal in value to 1 pound of gold, and the weights of the coins were adjusted to that rule. In deciding upon this ratio, neither Mr. Hamilton, who recommended it, nor the Congress which adopted it, supposed they were arbitrarily establishing the relative values of the two metals, for no legislative authority could do that, but it was supposed that they were simply adopting and utilizing in the statute law the existing intrinsic or commercial ratio between them. A brief experience, however, showed that a mistake had been made, and the inevitable result followed. It soon became evident that 15 pounds of silver were not in fact equal in value to 1 pound of gold, and that no matter what words were printed in the statute-book the people, in the transaction of their business, wholly disregarded the legal ratio and treated the metals according to their relative commercial value, and that they would not exchange 1 pound of gold for 15 pounds of silver, either in coin or bullion, nor use gold coins as money when the amount of bullion in the coin was worth in the market more than the coin itself. In short, silver had been over-valued and gold had been under-valued in the law, and the consequence was that by the year 1812 gold had disappeared from the country, and from that time on until after the passage of the act of 1834 the United States had practically silver monometallism. In May, 1806, President Jefferson stopped the coinage of the silver dollar, and during a period of thirty-one years thereafter not a single standard silver dollar was coined at the mints of the United States; but, under the act of 1792, the subsidiary coins were of full weight as compared with the dollar and were legal tender, and these coins, with Spanish dollars, French crowns or 5-rane pieces, and bank notes constituted our circulating medium. Gold having disappeared from circulation, Congress determined, in 1834, to bring it back by changing the ratio. The act of 1834, supplemented by the act of 1837, provided that the legal ratio should be 16 to 1; that is, that 16 pounds of silver in the coins should be equal to 1 pound of gold in the coins, and the effect of this was to drive silver out of circulation and substitute gold in its place, because silver was under-valued and gold was over-valued in the statute. One pound of gold, coined or uncoined, was not in fact worth intrinsically or commercially 16 pounds of silver, coined or uncoined, and, therefore, the coins of the two metals could not circulate together at that ratio. The authors and supporters of this law well knew what the effect of such a legal ratio would be in case it did not conform to the commercial ratio, but the great object in view was the resto-

ration of gold to the circulation, and all other considerations were subordinated to that. Doubtless many of them still believed that the so-called double standard could be maintained, and that the coins of the two metals should be kept in circulation together at the new ratio; but they were mistaken. Silver went out and gold came in. The gold basis was established in 1834, by the practical operation of the ratio, just as completely and effectually as if it had been expressly declared in the statute. Here, then, were two experiments in the free coinage of the two metals in this country, covering a period of eighty-one years, at legal ratios very nearly corresponding to the real relative values in the commercial world, and they both failed—in one case because silver was over-valued, and in the other case because gold was over-valued. A very small percentage of difference between the legal ratio and the commercial ratio has always been found sufficient in modern times to drive the under-valued metal entirely out and substitute the other, or paper based upon the other, in its place, and no Congress or Parliament can repeal or alter the natural law of trade by which this movement of the metals is governed.

#### THE SUBSIDIARY COINS DEBASED.

In 1853 Congress, in order to maintain the circulation of subsidiary coins—half-dollars, quarters and dimes—reduced the weight of the metal contained in them and made them legal tender only in the payment of sums not exceeding five dollars in amount. Under this act the value of the bullion contained in two half-dollars, four quarters or ten dimes was not equal to the value of the bullion contained in either a gold or silver dollar, and consequently these small limited legal-tender coins went into circulation and remained in use until expelled by the cheaper paper currency issued during the war; not being full legal tender, they could not drive out the gold coins.

#### DEBT-PAYING POWER UNDER THE ACTS OF 1873 AND 1874.

This was the condition of our monetary system at the time the act of 1873 was passed. Our legal position was bimetallic, but our actual measure of value was gold, and our actual circulating medium was paper, with a purchasing power measured by the gold standard. We had no silver and it had no influence whatever on our prices, or on our ability to pay debts. The act of 1873, therefore, did not and could not take away from the people of the United States any advantage they then possessed, but it did prevent the coinage of full legal-tender silver dollars thereafter, and the act of 1874 destroyed the debt-paying power of the old standard dollar coined before 1873, except in sums not exceeding five dollars. If there had been any such dollars in circulation or in existence here this latter act would have abridged the ability of debtors to discharge their obligations, but as there were none it had no practical effect at that time.

#### SILVER IS NOT DEMONETIZED: FIFTY TIMES AS MANY SILVER DOLLARS COINED SINCE 1878 AS BEFORE THAT YEAR.

Thus we remained until 1878. We had tried to keep the legal-tender coins of the two metals in circulation at the same time under a system of free coinage, but had utterly failed. In 1878 a new policy was adopted and it was determined to restore the standard silver dollar to the coinage and to circulate with full legal-tender qualities, not by opening the mints to its free and unlimited coinage on individual account, as is now proposed, but by providing for the purchase and coinage of not more than four

xillion dollars' worth, nor less than two million dollars' worth of silver bullion each month by the Government itself. Under this act, and the so-called Sherman Act, and the act providing for the recoining of the trade dollars, there have been coined at the mints of the United States and put into circulation during seventeen years \$897,652,873 in full legal-tender standard silver dollars, as against \$8,030,000 coined during the whole previous existence of the Government—a period of eighty-nine years. In other words, there have been coined and put into circulation among the people, in coin itself or in certificates issued upon it, nearly fifty times as many full legal-tender silver dollars as were produced at the mints of the United States from 1792 to 1878, and yet some gentlemen are writing books and making speeches to convince their fellow-citizens that silver is demonetized in this country. There was never in our whole history one-third as much legal-tender silver in use in the United States at one time as there is now, and it is used without depriving us of all our gold, which was never done before. Silver is not demonetized in this country, but its coinage has been so limited and regulated by law and the financial affairs of the Government have been so conducted that up to the present time its purchasing power has been preserved and its circulation to a large amount has been maintained concurrently with other forms of money, notwithstanding it has been coined at a ratio which does not conform to the real value of the metal contained in it. I repeat that silver is not demonetized, and the question presented to us by the agitation now going on is not whether it shall be demonetized in the future, but whether the mints of the United States shall be thrown open to all the silver in the world that any individual or corporation may desire to have coined, free of charge, into legal-tender dollars—that is, legal tender in the United States only—at a ratio of 16 to 1. In order to discuss this subject intelligently we must understand distinctly what is proposed by our opponents, and fortunately there is no difficulty upon this point.

WHAT "FREE AND UNLIMITED COINAGE AT 16 TO 1" MEANS; SILVER MONOMETALLISM.

Free and unlimited coinage of full legal-tender silver dollars at the ratio of 16 to 1 means that our law shall be so changed that any owner of silver bullion may send it to the mints and have it coined, at the public expense, into dollars each containing 412½ grains of standard silver, the dollars when coined to be delivered to the owner of the bullion, and all the people of the United States to be compelled by law to receive them as dollars in the payment of debts, although not intrinsically worth more than fifty cents each. The 25.8 grains of standard gold contained in a gold dollar is worth 100 cents, or the equivalent of 100 cents, all over the world, in silver-standard countries as well as in gold-standard countries, and it is worth just as much before it is coined as afterwards; but the 412½ grains of standard silver contained in a silver dollar are not worth anywhere in the world more than about fifty cents. Or, to put the statement in a different form, 16 pounds of silver cannot be exchanged for 1 pound of gold anywhere in the world, but it requires about 32 pounds of silver to procure 1 pound of gold everywhere. But some one may say that this is not a fair statement, because it measures the value of silver by gold. The answer to this objection is that the statement does not attempt to measure the value of either of the metals, but simply to compare them, one with the other, and that for the purpose of making the comparison the value of gold is determined by its purchasing power in the markets of the world, and the value of silver is determined in the same way.

Sixteen pounds of silver bullion will purchase only about one-half the quantity of commodities anywhere than 1 pound of gold bullion will purchase, and this purchasing power is the true test of their actual and relative values. In the United States 16 pounds of silver, coined into dollars, will now purchase as much as 1 pound of gold coins, but this would not be the case under a system of free and unlimited coinage on individual account. The coinage of silver dollars here has been limited by law for the purpose of preventing an excessive issue, and they have been coined by the Government on its own account and paid out for public purposes as dollars of full value, and consequently the Government is bound by every consideration of good faith, to say nothing of the positive declarations contained in the statutes, to keep them as good as gold, or, in other words, to maintain the parity of the two metals; and this it has done and will continue to do as long as the present system exists. But, if the present system is to be abolished and a new one established, so that private individuals and corporations can have their own bullion coined at the public expense and have the coins delivered to them for their private use, the Government would be under no obligation whatever, legal or equitable, to keep them as good as gold, and, in fact, it would be impossible for it to do so, because the coinage would be unlimited and the volume of silver in circulation would become so great in proportion to the gold the Government could procure that the attempt would necessarily fail. The most extreme advocates of free coinage have not yet ventured to suggest that the Government would be under any obligation to guarantee or maintain the value of silver dollars coined without charge for private parties, and without such guarantee it is clear the dollar would be worth no more than the commercial value of the bullion contained in it, just as the Mexican dollar is now. I admit that if the United States could coin without charge to the owners all the silver in the world available for coinage purposes, 412½ grains of standard silver, in bullion, would be worth as much in this country as a silver dollar; but the real question is, What would the silver dollar itself be worth? That it will not be equal to our present unit and standard of value is not only admitted but openly urged as one of the chief arguments in favor of its free coinage. Everywhere the people are being told that under free coinage it will require twice as many dollars to procure any given quantity of commodities as are required now, and this means, of course, that the money will be only one-half as valuable as it is now. When the public judgment is finally passed upon this subject I think it will be found that the people of the United States are determined not to have a depreciated dollar, whether it be gold, silver, or paper. They are undoubtedly entitled to have for use in their business just as good money as any other people in the world have, and no political party that attempts to deprive them of it will ever enjoy their confidence or receive their suffrages.

WHAT "SOUND MONEY" MEANS; BOTH SILVER AND GOLD AS MONEY.

Those of us who oppose the free coinage of silver at the ratio of 16 to 1 are proposing no change in the measure or standard of value now existing, nor are we proposing to discontinue the use of silver as money. I have never been, and am not now, unfriendly to silver in the sense of desiring to see it excluded from the monetary system of the United States, or of any other country, but I know that it cannot be kept in circulation along with gold by means of any ratio the law of any country may attempt to establish between the two metals, and that the only way to secure the use of both at the same time is to make one of them

the standard of value and so limit the coinage of the other that the Government which issues them and receives them for public dues may be able at all times to maintain their exchangeability, either directly or indirectly through the operation of its fiscal system. I am, therefore, in favor of the preservation of the existing standard of value with such use of full legal-tender silver coins, and paper convertible into coin on demand, as can be maintained without impairing or endangering the credit of the Government or diminishing the purchasing or debt-paying power of the money in the hands of the people. This is what I mean by the terms "sound money," and, in my opinion, it is what is meant by an overwhelming majority of the opponents of free coinage at the ratio of 16 to 1. This is neither gold monometallism nor silver monometallism; but it means that one standard or measure of value shall be maintained, and that all forms of standard coins in use shall be kept equal to that standard in the purchase of commodities and in the payment of debts. Any policy which would discontinue the use of silver as money, by direct legal enactment or by under-valuing it relatively to gold in the coinage laws, would certainly result in practical gold monometallism, and, on the other hand, it is equally clear that any policy which would discontinue the use of gold as money, by legal enactment or by under-valuing that metal relatively to silver in the coinage laws, would result in practical silver monometallism. Free and unlimited coinage at the ratio of 16 to 1 would at once establish silver monometallism, pure and simple, for, as already shown, the coins of the over-valued metal will ultimately drive the coins of the other out of circulation and out of the country, even when the legal ratio varies but a small fraction from the commercial ratio, but the expulsion of the under-valued coin from circulation would be instantaneous when its value is really double the value of the other. How long do you suppose the \$625,000,000 of gold in this country would remain here and be used as money under such a policy? The banking and other great financial institutions, which own and hold in their reserves much the greater part of this gold, would at once sell it at a large premium for silver—about two dollars for one dollar—or they would exchange it for silver bullion in the market at the ratio of about 32 pounds of silver for each 1 pound of gold, have the 32 pounds of silver coined into dollars at the expense of the people, and with this cheap money pay the demands of their depositors and other creditors. The masses of the people cannot do this, for they have no gold nor have they any silver bullion to be coined at the expense of the Government.

FREE COINAGE WOULD DEPRECIATE AND CONTRACT THE CURRENCY; CAPACITY OF THE MINTS.

But it is said that although the masses of the people have no bullion, many of them are in debt and that the free coinage of silver would increase prices and give them more money, thus enabling them to discharge their obligations more easily. The merit of this argument will be judged by each individual according to the view which he may take of the nature of his obligations to the people who have loaned money or sold property to him. If a man who has borrowed a thousand dollars in gold, or its equivalent, and has promised to pay it, or has purchased a thousand dollars' worth of another man's property and promised to pay for it in the standard money recognized by law at the date of his contract, believes that it would be just and honest to discharge his obligation in a new standard worth only half as much as the money he borrowed or

the property he purchased, he would appreciate and indorse this argument and it would be useless to discuss the question with him. But if, as I have already endeavored to show, the immediate effect of the adoption of a free-coinage policy at the ratio of 16 to 1 would be to contract the currency to the extent of about \$625,000,000, by the withdrawal of that amount of gold from circulation and from use as the basis of notes and other forms of credits, prices would not even nominally advance. On the contrary, for the time being at least, this contraction would greatly reduce prices because it would alarm the country, destroy credit, and undoubtedly produce the most serious financial disturbance this country has ever witnessed. Every depositor in the savings and other banks, fearing that he would ultimately be paid in depreciated silver, would immediately demand the return of his money and this would compel the banks to call at once for the payment of all the notes and other securities they had discounted for their customers, and the contraction of the currency would cause an increased demand for currency at the very time when it could not be obtained, and thus the difficulty of the situation would be increased by both causes. The banks would be compelled to either suspend payments themselves or drive their customers, who are generally business men—the men who give employment to labor in every community—into bankruptcy at once. Who would profit by this condition of affairs? Nobody except the holders of gold and the owners of silver mines, the holders of silver bullion and the brokers and speculators in the stocks of silver mining companies. The people who owe debts and are unable to pay them would be the ones to suffer most, while the people who owe no debts and have money on hand would be the one to profit most. Every man in debt would be called upon to pay it promptly when due; there would be no more extensions of old debts, or any new credits given, because no man could foretell what the money would be worth at any time in the future. In this crash the laborer would be thrown out of employment by the failure or suspension of his employer, the farmer would receive less real money for his products, property would be sold at low rates under judicial proceedings all over the country, credit would be destroyed, and all industrial and commercial enterprises would stand still, awaiting the result of the new experiment with the monetary system. Of course a great country like this, rich in natural resources, would ultimately recover in some measure from even such a disaster, but how long a time would be required to do so no man can predict. All the mints of the United States, if devoted entirely to the coinage of silver dollars, could produce only about forty million dollars per annum, and, therefore, with free coinage it would require more than fifteen years to put silver dollars in the place of the gold we now have and give back to the country the same amount of metallic money now existing. But, in the meantime, we would have a depreciated standard of value with nominally higher prices—after the first collapse was over—on account of the reduced purchasing power of the dollar, and at the same time we would have for a long time fewer dollars to pay with. Common prudence would dictate that, when any considerable change is to be made in our monetary system, some provision should be made in advance of the actual change for a gradual transition from the old to the new order of things; a transition period should be provided for so as to avoid, as far as possible, a sudden disturbance of business and contraction of the currency; but the advocates of free coinage have no such purpose. They propose to make a sudden and revolutionary change in the standard upon which all existing contracts of the people are based and by which all values are measured, and let the consequences take care of themselves.

## FINANCIAL NECROMANCY ; ONE-SIDED INCREASE OF PRICES IMPOSSIBLE.

But, suppose the change is made, and that the business affairs of the country have been finally adjusted to the new standard, what will be the effect on our domestic trade? The prices of all things will be nominally increased—that is to say, it will require a greater number of dollars to purchase a given amount of any commodity than it required before. There appears to be a singular delusion in the minds of some upon this subject. Many good people appear to think that in some mysterious manner, which no one has yet attempted to explain, the Government, by legislation or otherwise, can increase the prices of the things they have to sell without increasing the prices of the things they have to buy. If there is any financial necromancy by which this one-sided increase of prices can be accomplished, our free-coinage friends ought to explain it to the people. The plain, every-day, common-sense view of this subject is the only correct one. If prices are increased solely on account of an increase in the volume of circulation, or on account of a depreciation of the currency, without any change in the relation between the supply and demand of the commodities to be exchanged, the increase in prices will necessarily affect all things alike. If, therefore, the farmer or planter receives a greater number of dollars for his crop of cotton or wheat, he will be compelled to pay a correspondingly greater number of dollars for his agricultural implements, for his groceries, for his clothing, and, in short, for everything he purchases. Consequently, his profit, if he has any, will bear about the same relation to his expenditures that it bears now—that is to say, if he now makes a profit of ten per cent. he will make a profit of no more than ten per cent. then. Now it is out of the clear profits of his business that he must pay his debts, and it therefore remains to be seen how much benefit he would ultimately derive from a nominal increase in the prices of commodities. He cannot control the prices of the commodities produced by him to the same extent that other producers can control the prices of theirs, and it may be that the prices of the things he is compelled to buy will be increased in much greater proportion than the prices of the things he has to sell, and if so, he will be a loser instead of a gainer by the change.

## "REDEMPTION MONEY" DOES NOT REGULATE PRICES. WHO ARE THE DEBTORS?

It is contended, however, that prices of commodities have fallen since 1873, and that this reduction of prices has made it more difficult to pay debts now than it was then. It is true that the prices of some things have fallen, but it is equally true that the prices of some things have increased. It is not true, however, that our people owe any debts contracted as far back as 1873, but it may be that some of our great corporations which issued bonds before that date still owe them, but they have all been refunded at a low rate of interest, so that our free-coinage friends need not be disturbed on their account. The fundamental proposition of the advocates of free coinage is that all values are measured and all prices are fixed and regulated by the amount of redemption money in the country, and that the amount of paper currency, or credit money, as it is sometimes called, such as bank notes, Government notes, and other circulating media, exert no influence on the values or prices of commodities. Having dogmatically asserted this principle, they proceed without further argument to the conclusion that the legal demonetization of silver in 1873 and the legal establishment of the gold standard of value at that time are the causes of the alleged decline in the

prices of commodities in this country, and then, upon the theory that high prices for the necessities of life would be a blessing to the people, they appeal to the consumers of agricultural and manufactured products to unite with them in the effort to secure the free and unlimited coinage of all the silver that the owners of bullion may see proper to present at the mints. Even if we should admit the truth of their first proposition, their conclusion that the demonetization of silver reduced prices is founded upon the assumption of a fact which cannot be established. They have wholly failed to allege, much less to prove, that silver actually constituted any part of the redemption money in use or in existence in this country before or at the time of that legislation. If it did not, then it is clear that its legal demonetization did not and could not in fact reduce the amount of such money in this country, and therefore cannot have reduced prices. It is well known personally to every gentleman in this audience who was old enough to know what was transpiring in 1873 that there was not a dollar of silver in circulation at that date. The assumption upon which the argument is based is diametrically opposed to the historical and official fact. The only metallic or redemption money in use here at that time was gold, which amounted to only \$135,000,000, including what the Government was using, whereas we now have about \$625,000,000 in gold and \$397,052,873 in full legal-tender silver, besides about \$77,000,000 in subsidiary silver coin. If, therefore, prices have fallen since 1873, the decline has taken place in spite of the fact that our full legal-tender metallic money has been increased until it now amounts to more than seven times as much as it did at that date, and consequently the alleged decline in prices must be attributed to some other cause than the demonetization of silver. These facts prove not only that the demonetization of silver did not reduce the amount of redemption money in this country, but they prove also that the fundamental proposition of the advocates of free coinage is erroneous and that prices are not fixed or regulated by the amount of redemption money alone, for, if so, prices should have increased since 1873.

## AN ERRONEOUS PRINCIPLE AND A FALSE ASSUMPTION OF FACTS.

Substantially, the whole argument for free coinage, so far as it is addressed to the honest people of the country, is based upon this flimsy foundation, upon an erroneous principle and a false assumption of facts. That the amount of money in circulation, or available for circulation, has more or less influence upon the prices of commodities is not disputed by anybody; but it is not the amount of metallic or redemption money alone that exerts this influence. If all other conditions remain the same, if the relations between supply and demand are unchanged, if the cost of production, transportation, and financial exchanges are stable, an increase or decrease of the currency in circulation, or available for circulation, will, to a certain extent, increase or decrease prices, as the case may be; but by the terms "money" and "currency" in this connection, I mean every element that enters into and is utilized in the complicated processes of buying and selling in the markets for products and in the mercantile exchanges, whether it be gold, silver, bank notes, United States notes, checks, bills, or other forms of credit, written or unwritten. Credit or confidence is an element of far greater importance in fixing or upholding prices than the mere amount of actual money in use, or available for use; and, in fact, about 95 per cent. of the entire business of the country is transacted without the actual use of metallic money, or its paper represent

atives; and as to metallic money itself, whether in gold or silver, it is not used to the extent of more than 1 per cent. in our business transactions. In view of these facts, which are as well established as any other facts relating to our commercial and financial operations, how absurd it is to contend that prices are fixed by the amount of that particular kind of currency which does not constitute more than one hundredth part of the whole. In the broadest and most comprehensive sense the business capacity and personal integrity of each individual constitute a part of the effective currency of the community in which he lives, because these characteristics enable him to become a purchaser of the commodities it has to sell, although, at the time, he may have neither money nor property. Credit is a purchasing power, and the man who possesses it competes in the markets with the men who possess actual money, and contributes as much as they to the maintenance of prices. To assert that prices are fixed by the amount of redemption money alone is equivalent to the assertion that if all the silver dollars, subsidiary silver coin, silver certificates, United States notes, Treasury notes, national bank notes, and every other form of credit were destroyed, leaving nothing but the gold, prices would remain the same as they now are—a proposition so preposterous upon its face that I presume no man with any regard for his reputation would venture to make it except in a disguised form.

THE FARMER AND THE LABORER; A DOLLAR SHOULD BE WORTH AS MUCH WHEN SPENT AS WHEN EARNED.

The great majority of our people render service for wages in one form or another, and they are compelled to purchase in the markets everything they eat, drink, or wear, and in most cases they are compelled to pay rent for the use of a home for themselves and their families. Like the farmers, they have no silver bullion to carry to the mints to be coined at the public expense; they have nothing to dispose of but their labor and their skill, and as a general rule all, or substantially all, the wages they receive must be used in procuring commodities for the personal use of themselves and those dependent upon them. They cannot eat, drink, or wear the money paid to them for their labor, and it is valuable to them only because they can exchange it for the necessities and comforts of life; and there never was a time in the history of the world when the workingman's dollar would buy as much of the necessities and comforts of life as it will buy now, and there never was a time in the history of the world when the workingman received more good dollars for the same amount of labor than he receives now in this country. Any policy which reduces the value of this dollar on the day it is earned or on the day it is expended, by diminishing its purchasing power in the markets, has precisely the same effect upon the laborer as if the amount paid for his labor were reduced. If, therefore, the favorite argument of the advocates of free coinage—that the free coinage of silver at the ratio of 16 to 1 would double the prices of all products—is correct, the wages of the laboring man would purchase under that system only one-half what they purchase now. This would undoubtedly be the case unless wages should also be doubled, which, according to the uniform experience of the past, is a most improbable thing. For more than a quarter of a century the working people of the United States have struggled earnestly and persistently, through their labor organizations and otherwise, to increase their wages to a point which would enable them to live decently and comfortably by expending their earnings for commodities at their present prices, and how long do you think they would

have to struggle in the future to raise their wages to a point which would enable them to purchase the same articles when their prices have been doubled? No man in this audience will live to see such a result accomplished, and the laboring man who supports the free coinage of depreciated silver dollars must be content to live and support his family upon what depreciated silver dollars will buy. My position upon this subject is that when the laborer receives a dollar on account of his wages he has a right to be assured that it will purchase as much in the market as any other man's dollar, or if he desires to lay it up for use in a time of need he has a right to be assured that it will be worth as much when he wants to spend it as it was worth on the day he earned it.

INCREASING PRICES BY REDUCING THE DOLLAR.

But, gentlemen, the free and unlimited coinage of silver would not secure for the use of the people at any time any addition to their stock of actual money, but would simply give them less valuable money than they have now. To call a ten-cent piece a dollar and declare it to be the standard of value would add nothing whatever to its purchasing power; it would still require ten of them to purchase what a real dollar will purchase now, and prices of commodities expressed in dollars would appear to have been increased ten-fold, when, in fact, nothing would have happened except the debasement of the dollar. An actual increase in prices resulting from an increase in the volume of sound money in circulation is quite a different thing from a nominal increase of prices resulting from the use of a depreciated currency, and no argument upon the subject of prices can be sound that does not recognize the distinction between them. The proposition of our free-coinage friends is to double prices nominally, but at the same time to have them paid in money intrinsically worth only one-half as much as it was before the prices were doubled, and I confess my inability to see how this would help anybody.

SPEECH OF 1878.

You have been detained too long already, but in view of the determination exhibited in some quarters to criticize my personal record upon this question rather than answer my arguments, I think my old friends here at my own home have a right to expect at least a brief reference to that subject. It is proper, in the first place, to say that my opposition to free coinage is not dictated by any prejudice against the use of silver as the standard of value merely because it is silver, nor by any preference for the use of gold as the standard merely because it is gold; for if the conditions now existing were reversed, if silver was our standard of value and gold was depreciated in value as silver now is, I would be as much opposed to a change from silver to gold as I am now to a change from gold to silver. The preservation of the existing monetary unit and measure of value upon which the contracts of the people have been made and the wages of labor have been adjusted is the vital thing involved in this controversy; for if the standard is preserved everybody is willing to use and will use every available form of currency that can be kept equal to it in value. As long as there appeared to be reasonable ground for the hope that silver could be raised to a parity of value with gold at the ratio of 16 to 1 by the separate action of the United States, I was willing to make the experiment, but I was never willing to make it by legislation providing for the free and unlimited coinage of silver at that or any other ratio. The only speech I ever made in Congress on this subject was delivered in the House of Representatives more than

seventeen years ago, at a time when the value of the bullion contained in a silver dollar was only about seven cents less than the value of the bullion contained in a gold dollar, and I, together with many other opponents of free coinage, believing that a restoration of silver to our mints would bring it to a parity with gold, supported a measure providing for the limited coinage of silver dollars on Government account—not on account of private individuals and corporations as is now proposed. Fifteen years' experience, however, demonstrated that those of us who believed in 1878 that a larger use of silver by the United States would enhance its price or value were mistaken. Instead of increasing the price of silver, it continued to fall with greater rapidity than before, notwithstanding all the efforts made by our Government to uphold it, until now the bullion contained in a silver dollar is worth only about half as much as the bullion contained in a gold dollar. The conditions have entirely changed since 1878, and I do not understand that even our free-coinage friends in Kentucky or elsewhere now contend that any legislation by this country alone could place silver on a parity with gold at the ratio of 16 to 1. On the contrary, they insist that the free and unlimited coinage of silver at that ratio would give the people cheap money, and I agree with them that it would have that effect, but it would not be cheap money if it were equal in value to gold. The speech made by me on the occasion referred to has been garbled and twisted and perverted in and out of Congress during the past two years with a malicious ingenuity which has scarcely ever been equaled in the discussion of a public question, and yet no one has ever ventured to make the direct assertion that it contained a single word in favor of the free coinage of silver. It was, in fact, made in opposition to free coinage and in support of the Senate substitute for a free-coinage bill, as can be seen by any one who will take the trouble to read it. Certain sentences, in which I denounced in strong language the attempt to "destroy" silver as a money metal, have been separated from their context and quoted again and again in Congress, on the stump, and in newspapers by men who never read the speech and who appear wholly incapable of understanding the difference between the total disuse of that metal as money and its free and unlimited coinage at the public expense for the benefit of private individuals and corporations. I have a copy of the speech here, but will not detain you by reading extracts from it to show what my position was, because any gentleman who desires to do so can find it in full in the Appendix to the Congressional Record for the Second Session of the Forty-fifth Congress. Some of the opinions then expressed have been modified and some of them have been changed altogether by subsequent events and by a more thorough investigation of the subjects to which they related, but on the question of free coinage my convictions have never been shaken for a moment.

I thank you most sincerely for the patience with which you have listened to my remarks, and will detain you no longer.

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